Rise in the number of sick industrial units

586. SHRI KRISHNA KUMAR BIRLA: Will the Minister of INDUSTRY be pleased to state:

(a) what is the percentage of rise in the number of sick industrial units in the country (State-wise) both in the big and small sector at the end of 1987 as compared to the rise in the number of sick industrial units in the years 1985 and 1986;

(b) what percentage of the total bank credit is blocked in these sick units at the end of 1987 as compared to previous years 1985 and 1986; and

(c) what are the main causes for the rise in the number of sick industrial units and the steps contemplated by Government in this regard?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL DEVELOPMENT IN THE MINISTRY OF INDUSTRY (SHRI M. ARUNACHALAM): (a) to (c) Data on sick industrial units assisted by banks in the country are collected by the Reserve Bank of India as per the definition of sickness adopted by it. Based on the latest information available from RBI, a statement is attached (*See* below). It would be seen therefrom that the states of West Bengal, Uttar Pradesh, Tamil Nadu, Maharashtra, Gujarat and Andhra Pradesh account for more than fifty per cent of the total number of sick units both in the large and small scale sectors. Faulty planning, management deficiencies, inefficient financial control, diversion of resources, inadequate attention to R&D, absolscence of Technology and machinery, poor industrial relations, inadequacy of demand, shortage of raw materials and other inputs and infrastructural constraints are among the principal causes for industrial sickness. As the industrial units continue to get sick on account of these reasons, there are additions to the list of sick units. However, as the sick units cannot be nursed back to health immediately their deletions from the list of sick units is a slower process. A number of steps have been taken to revive sick units in the company.

The Reserve Bank of India have issued giudelines to the banks for strengthening the monitoring system and also indicating the parameters within which banks could grant reliefs and concessions for rehabilitation of potentially viable sick units without a reference to the R.B.I. both in the large scale and small scale sector. In addition, Government have enacted a comprehensive legislation, namely "The Sick Industrial Companies (Special Provisions) Act, 1985" which provides for setting up of a quasi-judicial body designated as the Board for Industrial and Financial Reconstruction (BIFR) to deal with the problems of sick industrial companies in an effective manner. The BIFR has become operational with effect from 15th May, 1987.

The Margin Money Scheme which was introduced with a view to supplementing the efforts of the State Governments in reducing the incidence of sickness in small scale sector, has been liberalised as a result of which the maximum amount of assistance per unit available to sick small scale units for rehabilitation has been increased from Rs. 20,000 to 50,000.

Statement

State-wise data on sick industrial units as at the end of December, 1985 and 1986

(Source: Reserve Bank of India)

Name of the State/Union Territory	1985		1986	
	No. of Large Sick Units	No. of SSI Sick Units	No. of Large Sick Units	No. of SSI Sick Units
Andhra Pradesh	37	8694	44	13004
Assam	2	5683	7	4485
Bihar	17	8570	17	9649
Gujarat	62	4045	68	4523
Haryana	16	1500	17	1747
Himachal Pradesh	..	413	..	602
Jammu & Kashmir	..	1382	..	2229
Karanataka	33	5705	43	3077
Kerala	16	2378	20	4046
Maharashtra	146	8567	161	10605
Madhya Pradesh	22	7843	26	9895
Orissa	7	5299	10	6489
Punjab	4	1345	6	1830
Rajasthan	13	5964	11	6222
Tamil Nadu	50	15171	53	17024
Uttar Pradesh	66	12036	68	15815
West Bengal	132	18620	146	28777
Goa, Daman & Diu	5	808	4	1074
Nagaland	..	7	..	8
Dadra & Nagar Haveli	..	3	..	9
Arunachal Pradesh	..	11	..	16
Chandigarh	1	171	2	207
Delhi	4	2271	7	2716
Manipur	..	669	..	908
Meghalaya	..	141	..	110
Mizoram	..	2	..	..
Pondicherry	3	240	3	223
Tripura	1	245	1	284
Sikkim	..	..	..	1
	637	117783	714	145776

Note: The percentage of the total bank credit blocked in these sick units at the end of 1985 and 1986 is 8·3 and 8·2 respectively.